

529 PLAN CHANGES

Prior Law_____

The Iowa College Savings 529 Plan encourages individuals to save for an individual's college by allowing individuals who contribute to receive a deduction against their individual income tax and exempts earnings from Iowa tax, along with other benefits. The contributors to an individual's Iowa College Savings 529 Plan are limited to an individual, individual's legal representative, trust or estate.

New Provisions_____

2016 Iowa Acts House File 2301 adds tax-exempt, nonprofit organizations under IRC section 501(c)(3) to the list of entities that can contribute to an individual's Iowa College Savings 529 Plan and allows the tax deduction for the contribution.

Sections Amended_____

Sections 1 and 2 of 2016 Iowa Acts Senate File 2301 amend Section 12D.1, Code 2016. Section 3 of Senate File 2301 amends Section 422.9, Code 2016. Section 4 of Senate File 2301 amends 422.35, Code 2016.

Effective Date_____

May 25, 2016, retroactive to January 1, 2016, for tax years beginning on or after that date.